MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

BAC1624 – MANAGEMENT ACCOUNTING 1

(All Sections / Groups)

15th August 2022
9.00 am. – 12.00 pm.
(3 Hours)

INSTRUCTIONS TO STUDENT:

1. This Question paper consists of **6 pages** (excluding cover page) with **4 Questions** only.
2. Answer **ALL** Questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

PART A

A manufacturing company, Gegar Usaha had the following data for October 2021 (in millions):

	RM
Direct materials inventory 1/10/2021	105
Direct materials used	365
Direct materials purchased	385
Total manufacturing overhead costs	450
Variable manufacturing overhead costs	270
Total manufacturing costs incurred during October 2021	1,510
Work-in-process inventory 1/10/2021	230
Cost of goods manufactured	1,460
Finished goods inventory 1/10/2021	130
Cost of goods sold	1,280

Required:
Compute the following costs:

a) Direct materials inventory 31/10/2021.

(2 marks)

b) Fixed manufacturing overhead costs for October 2021.

(1 marks)

c) Direct manufacturing labour costs for October 2021.

(2 marks)

d) Work-in-process inventory 31/10/2021.

(2 marks)

e) Cost of finished goods available for sale in October 2021.

(1 mark)

f) Finished goods inventory 31/10/2021.

(1 mark)

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PART B

Bercahaya Gemilang (BG) produces electronic devices for the security business. The following data reflect activity for the year 2021:

Costs incurred:	**RM**
Purchases of direct materials (net) on credit	121,000
Direct manufacturing labour cost	87,000
Indirect labour	54,400
Depreciation, factory equipment	53,000
Depreciation, office equipment	7,700
Maintenance, factory equipment	46,000
Miscellaneous factory overhead	9,100
Rent, factory building	99,000
Advertising expense	97,000
Sales commissions	39,000

Inventories:

	1 January 2021 (RM)	**31 December 2021 (RM)**
Direct materials	9,400	18,000
Work in process	6,500	26,000
Finished goods	60,000	31,000

BG uses a normal-costing system and allocates overhead to work in process at a rate of RM3.10 per direct manufacturing labour cost. Indirect materials are insignificant so there is no inventory account for indirect materials.

Required:
Indicate the journal entries to record the transactions for 2021 including an entry to close out under- or overapplied overhead to cost of goods sold.

(16 marks)
[TOTAL = 25 MARKS]

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QUESTION 2

PART A

Malik Enterprise uses a process cost system and the first-in, first-out (FIFO) cost flow assumption. Production begins in the Fabricating Department where materials are added at the beginning of the process and conversion costs are incurred uniformly throughout the process. On 1 March, the beginning work in process inventory consisted of 20,000 units which were 60% complete and had a cost of RM175,000, RM145,000 of which were materials costs. During March, the following occurred:

Materials added	RM305,000
Conversion costs incurred	RM120,000
Units completed and transferred out in March	50,000
Units in ending work in process 31 March (40% complete)	25,000

Required:
Prepare a production cost report of Fabricating Department on 31 March.

(10 marks)

PART B

Jati Sdn. Bhd. (JSB) manufactures resort and hotel furniture in sets (each set includes a dresser, two queen-size beds, and one bedside table). JSB categorises its customers into two groups: value and luxury. The value products are aimed at low-cost resorts looking for simple furniture, whereas the luxury products are aimed at the very best hotels. JSB implemented a volume-based overhead allocation rate based on direct labour hours. The hourly direct labour cost is RM15.

	Budgeted cost (RM)	**Cost driver**
Materials handling	349,600	Number of parts
Product scheduling	160,000	Number of production orders
Setup labour	216,000	Number of setups
Automated machinery	1,750,000	Machine hours
Finishing	619,500	Direct labour hours
Pack and ship	290,400	Number of orders shipped
	3,385,500	
General, selling and admin cost	5,000,000	

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The budgeted production data for the two product lines as follows:

Product Lines	**Value**	**Luxury**
Sets produced	15,000	600
Price (RM)	650	1,200
Direct materials cost per set (RM)	80	110
Number of parts per set	450,000	72,000
Direct labour hours per set	4	7
Machine hours per set	3	15
Production orders	50	200
Production setups	20	50
Orders shipped	1,000	300

Required: (Round all activity rates and unit costs to two decimal places)

a) Compute the cost per set and the total production cost of each of the two customer groups using activity-based costing.

(8 marks)

b) Compute the production cost for each of the two customer groups using JSB's current volume based approach.

(3 marks)

c) Compare the two approaches and comment.

(4 marks)

[TOTAL = 25 MARKS]

QUESTION 3

PART A

Happy Hour Travel (HHT) specializes in flights between Kuala Lumpur and South Korea. It books passengers on Malaysian Airline. HHT's fixed costs are RM36,000 per month. Malaysia Airline charges passengers RM1,300 per round-trip ticket.

Compute the number of tickets HHT must sell each month to (i) break even and (ii) make a target operating income of RM12,000 per month in each of the following independent cases.

Required:

a) HHT's variable costs are RM34 per ticket. Malaysian Airline pays HHT 10% commission on ticket price.

(5 marks)

b) HHT's variable costs are RM30 per ticket. Malaysian Airline pays HHT 10% commission on ticket price.

(5 marks)

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c) HHT's variable costs are RM30 per ticket. Malaysian Airline pays RM46 fixed commission per ticket to HHT. Comment on the results.

(6 marks)

d) HHT's variable costs are RM30 per ticket. It receives RM46 commission per ticket from Malaysian Airline. It charges its customers a delivery fee of RM8 per ticket. Comment on the results.

(6 marks)

PART B

Sabri Roda manufactures a basic road bicycle. Production and sales data for the most recent year are as follows (no beginning inventory):

Variable production costs	RM100 per bike
Fixed production costs	RM400,000
Variable selling and administrative costs	RM22 per bike
Fixed selling and administrative costs	RM550,000
Selling price	RM200 per bike
Production	20,000 bikes
Sales	18,000 bikes

Required:
Prepare an income statement using variable costing.

(3 marks)
[TOTAL: 25 MARKS]

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QUESTION 4

Indah Bergaya manufactures women's business suits. The company uses a standard cost accounting system. In March 2021, 15,700 suits were made. The following standard and actual cost data applied to the month of March when normal capacity was 20,000 direct labour hours. All materials purchased were used in production.

Cost Element	Standard (per unit)	Actual
Direct materials	5 metres at RM6.80 per metre	RM547,200 for 76,000 metres
Direct labour	1.0 hour at RM11.50 per hour	RM166,880 for 14,900 hours
Overhead	1.0 hour at RM9.30 per hour	RM120,000 fixed overhead RM49,000 variable overhead

Overhead is applied on the basis of direct labour hours. At normal capacity, budgeted fixed overhead costs were RM126,000 and budgeted variable overhead costs were RM60,000.

Required:

a) Compute the total, price, and quantity variances for (i) materials and (ii) labour.
(20 marks)

b) Compute the total overhead variance.
(4 marks)

c) Which of the materials and labour variances should be investigated if management considers a variance of more than 5% from standard to be significant?
(1 mark)

[TOTAL: 25 MARKS]

End of Paper